

Message Text

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ACTION XMB-04

INFO OCT-01 AF-08 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02
CIEP-01 OMB-01 /049 W
-----161015Z 060751 /13

R 160709Z FEB 77
FM AMEMBASSY NDJAMENA
TO SECSTATE WASHDC 3347

C O N F I D E N T I A L NDJAMENA 0539

E.O. 11652: GDS
TAGS: BPRO, EGEN, CD
SUBJECT: REQUESTED EXIMBANK GUARANTEE ON BEHALF OF SONASUT

REF: A) STATE 31679; B) NDJAMENA A-001; C) 76 STATE 80279;
D) 76 STATE 173923; E) 76 NDJAMENA 2132; F) 76 STATE 204272

1. ON POLITICAL BASIS EMBASSY FULLY SUPPORTS PROPOSED EXIMBANK LOAN
GUARANTY FOR BANDA SUGAR COMPLEX PROJECT (REFTEL -) WHICH IN ACCORD
WITH COMMERCIAL POLICY SUGGESTED REF B.

2. NOT MUCH HAS BEEN PUBLISHED IN CHAD REGARDING SONASUT. IT
WAS ESTABLISHED BY SUPREME MILITARY COUNCIL "ORDONNANCE" OF
OCTOBER 22, 1976, AS A MIXED (PRIVATE AND GOVERNMENTAL) CORPORATION
WITH BROADLY STATED OBJECTIVSE RELATED TO SUGAR INCLUDING CULTIVATION
OF CANE, ESTABLISHMENT REFINERY, DOMESTIC AND INTERNATIONAL MARKETING,
ETC. A SECOND ORDONNANCE OF SAME DATE GAVE IT SUBSTANTIAL
EXONERATION FROM TAXES AND IMPORT DUTIES. (INFOTCHAD,
OCTOBER 26, 1976.) INFOTCHAD OF DECEMBER 9, 1976, REPORTED
SIGNATURE CFA 2 BILLION LOAN FOR PROJECT FROM CAISSE CENTRALE
DE COOPERATION ECONOMIQUE. "MARCHES TROPICAUX" (PARIS)
OF DEC. 17 REPORTED CFA 2.08 BILLION LOAN FROM BANQUE
EUROPEEN D'INVESTISSEMENT UNDER LOME AGREEMENT TO SONASUT,
WHILE NOTING LOANS HAD ALSO BEEN MADE BY CAISSE CENTRALE AND
FED. IBRD ALSO INTERESTED IN PARTICIPATION.

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3. IT SHOULD ALSO BE NOTED THAT THE BANDA COMPLEX IS BELIEVED
TO HAVE BEEN THE PURPOSE OF GOC ABORTIVE NEGOTIATIONS WITH
CHALEGARD GROUP OF COMPANIES OF NEW YORK IN SPRING OF
1975 FOR \$80 MILLION LOAN. (SEE 75NDJAMENA 1040, 1446,
AND 75 STATE 132216 AND 812549.) AT ABOUT SAME TIME OR EARLIER
NEGOTIATIONS FOR FINANCING BANDA COMPLEX ALSO HELD WITH LIBYA.

4. EMBASSY IS EXTREMELY WARY OF TAKING ANY ACTION INCLUDING REQUESTS FOR ADDITIONAL INFORMATION WHICH MIGHT INDICATE TO GOC THAT PROSPECTS FOR GUARANTY ARE GOOD OR EVEN POSSIBLE UNLESS EMBASSY ASSURED THAT SUCH IS INDEED THE CASE. REFS C, D,E, AND F ARE PRINCIPAL REFERENCES IN GTE TELECOMMUNICATIONS PROJECT WHICH NOTE, INTER ALIA, "BASED ON ITS CAREFUL REVIEW OF THE PROJECT ECONOMICS AND CURRENT FINANCIAL SITUATION OF CHAD, INCLUDING ARREARAGES ON EXTERNAL DEPT, EXIMBANK COULD NOT ESTABLISH REASONABLE ASSURANCE OF REPAYMENT" (REF E), "BECAUSE A COUNTRY'S CAPACITY TO SERVICE BOTH EXISTING AND NEW EXTERNAL DEBT IS A MAJOR CONSIDERATION IN THIS TYPE OF PROPOSAL, WE REGRETFULLY CONCLUDED THAT THE ECONOMIC SITUATION DID NOT PROVIDE THE 'REASONABLE ASSURANCE OF REPAYMENT' REQUIRED BY EXIM'S LEGISLATIVE MANDATE" (REF C), AND, AGAIN, "IN VIEW OF THE FINANCIAL CONDITION OF CHAD, ITS DEPENDENCE ON EXTERNAL AID AND THE FACT THAT SOME \$10 MILLION OF EXTERNAL DEBT SERVICE PAYMENTS ARE IN ARREARAGES (ACCORDING TO WORLD BANK SOURCES) EXIMBANK'S STAFF COULD NOT GIVE ANY ENCOURAGEMENT AS TO FAVORABLE EXIM BANK RECONSIDERATION..." (REF D). FINALLY, AMBASSADOR WAS TOLD DURING EXIMBANK BRIEFINGS PRIOR HIS DEPARTURE FOR CHAD THAT IN VIEW FINANCIAL SITUATION COUNTRY EXIMBANK UNLIKELY GIVE FAVORABLE CONSIDERATION ANY APPLICATION FOR CHAD. MINISTER FOREIGN AFFAIRS AND COOPERATION KAMOUQUE, ONE OF MOST SENIOR AND INFLUENTIAL MEMBERS RULING SMC, HAD RECEIVED SAME INFORMATION FROM HIS AMBASSADOR IN WASHINGTON (REF E) AND THEREFORE BELIEVED HIMSELF TO HAVE BEEN MISLED FOR PERIOD SEVERAL MONTHS DURING WHICH TIME GOC MIGHT HAVE PURSUED CONFIDENTIAL

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OTHER SOURCES.

5. ECONOMIC SITUATION OF CHAD HAS NOT IMPROVED IN LAST SIX MONTHS AND THUS PROPOSED GUARANTY BY MINISTER ECONOMY APPEARS OFFER LITTLE MORE SURETY THAN THAT OFFERED BY PTT IN GTE CASE AND PROBABLY SOMEWHAT LESS AT GET PROJECT PROPOSED EARMARKING OF FOREIGN EXCHANGE EARNINGS FOR DEBT AMORTIZATION. IF, IN VIEW OF FOREGOING, DEPARTMENT CONSIDERS EXIMBANK FINANCING POSSIBLE, PERHAPS TIED TO OTHER DONOR LOANS, EMBASSY WILL BE MOST PLEASED INVESTIGATE PROJECT WITH GOC MINISTERIES AND SONASUT. BUT ANOTHER REFUSAL BY EXIMBANK WOULD BE HIGHLY EMBARRASSING FOR USA POSITION IN CHAD.

6. EMBASSY WOULD APPRECIATE RECEIVING PROMPTLY COPY OF LOAN GUARANTY APPLICATION. BRADFORD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Sent Date: 16-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: GS
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Format: TEL
From: NDJAMENA
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t19770236/aaaabfse.tel
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Litigation History:
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Message ID: 59eba1c5-c288-dd11-92da-001cc4696bcc
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Original Previous Classification: n/a
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To: STATE
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vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/59eba1c5-c288-dd11-92da-001cc4696bcc
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